



CCH Finance Committee Meeting February 2019

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CFO



COOK COUNTY
HEALTH

Agenda

1. FY 2018 Draft Unaudited Financials Statements
 - a. Financials
 - b. Preliminary Observations
2. Systemwide Financials & Stats
 - a. Financials
 - b. Observations
 - c. Financial / Revenue Cycle metrics
3. CCH Provider Service Financials
4. CountyCare Financials & Stats
5. Correctional Health services Financials & Stats
6. Department of Public Health Financials & Stats
7. Administration Financials



FY 2018 Draft Unaudited Financials



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Draft Unaudited Income Statement for the Fiscal Year 2018 (Thousands)

| | 2017 | 2018 | \$ Variance | % Variance |
|---|----------------------|----------------------|---------------------|-------------------|
| <u>Operating Revenues</u> | | | | |
| Net Patient Service Revenue | 593,240 | 590,021 | (3,219) | -0.5% |
| County Care Capitation | 836,538 | 1,930,510 | 1,093,972 | 130.8% |
| Provident Hospital Access Payments | 112,840 | 106,551 | (6,289) | -5.6% |
| Grant Revenue | 11,803 | 10,000 | (1,803) | -15.3% |
| Electronic Health Record Incentive | 3,494 | 1,559 | (1,936) | -55.4% |
| Other Revenue | 13,420 | 14,029 | 609 | 4.5% |
| Total Operating Revenues | 1,571,335 | 2,652,670 | 1,081,335 | 68.8% |
| Total Nonoperating Revenues | 102,499 | 77,499 | (25,000) | -24.4% |
| Operating Expenses: | | | | |
| Salaries and wages | 677,210 | 686,681 | 9,471 | 1.4% |
| Pension | 235,749 | 243,363 | 7,614 | 3.2% |
| Supplies & Materials | 138,590 | 159,426 | 20,836 | 15.0% |
| Purchased services, rental and other | 242,425 | 268,561 | 26,136 | 10.8% |
| External Claims Expense | 680,190 | 1,639,856 | 959,665 | 141.1% |
| Insurance | 34,295 | 34,295 | (0) | 0.0% |
| Depreciation | 25,430 | 34,427 | 8,997 | 35.4% |
| Utilities | 13,695 | 12,268 | (1,426) | -10.4% |
| Services by other County offices | 29,923 | 29,923 | - | 0.0% |
| Total Operating Expenses | 2,077,507 | 3,108,799 | 1,031,292 | 49.6% |
| Loss before capital contributions & transfers in | (403,673) | (378,631) | 25,042 | -6.2% |
| Capital Contributions | 68,710 | 63,150 | (5,560) | -8.1% |
| Transfers in | 189,510 | 189,510 | - | 0.0% |
| Change in Net Position | (145,454) | (125,971) | 19,483 | 13.4% |



Preliminary Observations

- Gross Patient Services Revenues (Charges) grew from \$1.61B to \$1.69B in FY2018, a 5% increase
- Net Patient Service Revenue about flat from FY2017, we expect a further review as we complete the year end audit
- Change in Net Position- projected bottomline improvement vs. FY2017, within 5% of FY2018 budget expectations \$120M on the accrual basis.
- Systemwide uninsured numbers, captured by visit held about 42%





FY 2019 Financials



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Systemwide Observations and Revenue Cycle Metrics



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Income Statement for the Month ending Dec-2018 (in thousands)

| | Year-To-Date | | Variance | |
|----------------------------------|-----------------|-----------------|-----------------|--------------|
| | Actual | Budget | \$ | % |
| <u>Operating Revenue</u> | | | | |
| Net Patient Service Revenue | 50,846 | 62,358 | (11,512) | -18% |
| CountyCare Capitation Revenue | 186,503 | 151,812 | 34,690 | 23% |
| Access Payments | 2,892 | 2,892 | - | 0% |
| Other Revenue | 109 | 1,083 | (974) | -90% |
| Total Operating Rev | 240,350 | 218,146 | 22,204 | 10% |
| <u>Operating Expenses</u> | | | | |
| Salaries & Benefits | 53,681 | 58,861 | 5,180.02 | 9% |
| Overtime | 3,961 | 2,983 | (978) | -33% |
| Contracted Labor | 2,220 | 2,843 | 624 | 22% |
| Pension* | 20,280 | 20,280 | - | |
| Supplies & Materials | 16,121 | 5,171 | (10,950) | -212% |
| Pharmaceutical Supplies | 10,659 | 6,736 | (3,923) | -58% |
| Purch. Svs., Rental, Oth. | 18,753 | 25,888 | 7,134 | 28% |
| External Claims Expense | 164,467 | 118,047 | (46,419) | -39% |
| Insurance Expense | 1,864 | 2,453 | 589 | 24% |
| Depreciation | 2,892 | 2,892 | - | 0% |
| Utilities | 1,026 | 824 | (202) | -25% |
| Total Operating Exp | 295,923 | 246,978 | (48,945) | -20% |
| Operating Margin | (55,573) | (28,832) | (26,741) | -93% |
| Operating Margin % | -23% | -13% | -10% | -75% |
| Non Operating Revenue | 21,604 | 21,604 | - | 0% |
| Net Income/(Loss) | (33,970) | (7,229) | (26,741) | -370% |



Observations

Change in Net position challenging to FY2019 targets but drivers to watch vs. same time FY18 include

- Primary Care visits are up by 2%, and Specialty Care visits are up 5%
- Surgical Cases up 1% and slightly below FY2019 Target
- Inpatient Discharges down 11% and LOS 16% lower
- Emergency Department visits are down 1%
- Deliveries are flat
- Case Mix Index is up by 10%, sustained improvement in coding and documentation of our patients complexity, comorbidity and complications
- System-wide uninsured numbers, captured by visit held 44% (Provident 37%, ACHN 44%, Stroger 47%)
- System wide Revenue Cycle ratios challenging in Dec-2018 we expect to sustain FY2018 progress

Financial Metrics

| Metric | As of end Dec- 17/YTD | As of end Dec- 18/YTD | Target |
|---|-----------------------------|-----------------------------|--------|
| Days Cash On Hand** | 39 | 29 | 60 |
| Operating Margin*** | -9.5% | -11% | -5.4% |
| Overtime as Percentage of Gross Salary | 6.6% | 7.9% | 5.0% |
| Average Age of Plant (Years) | 23.3 | 23.2 | 10.7 |

*Days Cash on Hand CCH target 60 days, Moody's 198 days . Overtime as percentage of Gross Salary CCH target 5% , Moody's 2%

** Days Cash in Hand Point in time i.e. as of end October for each year

***Excludes Pension Expenses. Target based on compare group consisting of 'like' health systems : Alameda Health System, MedStar Health, Parkland Health & Hospital System, and UI Health

Revenue Cycle Metrics

| Metric | Average FYTD 2019 | Dec-18 | Jan-18 | Benchmark /Target |
|---|-------------------|--------|--------|-------------------|
| Average Days in Accounts Receivable <i>(lower is better)</i> | 99.5 | 99 | 100 | 45.85 – 54.9* |
| Discharged Not Finally Billed Days <i>(lower is better)</i> | 10.2 | 9.9 | 10.5 | 7.0 |
| Claims Initial Denials Percentage <i>(lower is better)</i> | 23% | 22% | 23% | 20% |

Definitions:

Average Days in Accounts Receivable Total accounts receivable over average daily revenue

Discharged Not Finally Billed Days Total charges of discharge not finally billed over average daily revenue

Claims Initial Denials Percentage Percentage of claims denied initially compared to total claims submitted.

* Source HFMA Key Hospital Statistics and Ratio Margin Post 2014



Provider of Care Services Operational Statistics



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Income Statement for the Month ending Dec-2018 (in thousands)

| CCH Providers | Year-To-Date | | Variance | |
|----------------------------------|-----------------|-----------------|-----------------|--------------|
| | Actual | Budget | \$ | % |
| <u>Operating Revenue</u> | | | | |
| Net Patient Service Revenue | 50,846 | 62,358 | (11,512) | -18% |
| Access Payments | 2,892 | 2,892 | - | 0% |
| Other Revenue | 90 | 1,083 | (994) | -92% |
| Total Operating Rev | 53,828 | 66,333 | (12,507) | -19% |
| <u>Operating Expenses</u> | | | | |
| Salaries & Benefits | 45,089 | 46,554 | 1,465 | 3% |
| Overtime | 3,500 | 2,543 | (957) | -38% |
| Contracted Labor | 1,974 | 1,907 | (67) | -4% |
| Pension* | 16,877 | 16,877 | - | 0% |
| Supplies & Materials | 16,075 | 4,813 | (11,262) | -234% |
| Pharmaceutical Supplies | 10,516 | 5,902 | (4,614) | -78% |
| Purch. Svs., Rental, Oth. | 12,726 | 18,423 | 5,697 | 31% |
| Insurance Expense | 1,864 | - | (1,864) | n/a |
| Depreciation | 1,792 | 1,792 | - | 0% |
| Utilities | 1,026 | 811 | (215) | -27% |
| Total Operating Exp | 111,438 | 99,623 | (11,815) | -12% |
| Operating Margin | (57,610) | (33,288) | (24,322) | -73% |
| Operating Margin % | -107% | -50% | -57% | -113% |
| Non Operating Revenue | 14,544 | 14,544 | - | 0% |
| Net Income/(Loss) | (43,067) | (18,744) | (24,322) | -130% |



Revenue Statement for the One Month ending Dec-2018 (in thousands)

| CCHHS Providers | Year-To-Date <i>Actual</i> |
|--|-------------------------------|
| Gross Revenue | 126,337 |
| <u>Adjustments</u> | |
| Contractual Adjustments | (36,684) |
| Charity Adjustments | (36,514) |
| Total Adjustment | (73,198) |
| Gross NPSR | 53,140 |
| Bad Debt Allowance | (26,380) |
| Adjusted NPSR | 26,760 |
| DSH | 13,058 |
| BIPA | 11,028 |
| Adjusted NPSR plus DSH and BIPA | 50,846 |
| Adjusted NPSR plus DSH and BIPA as a % of Gross Revenue | 40% |





CountyCare Health Plan Observations and Operational Statistics



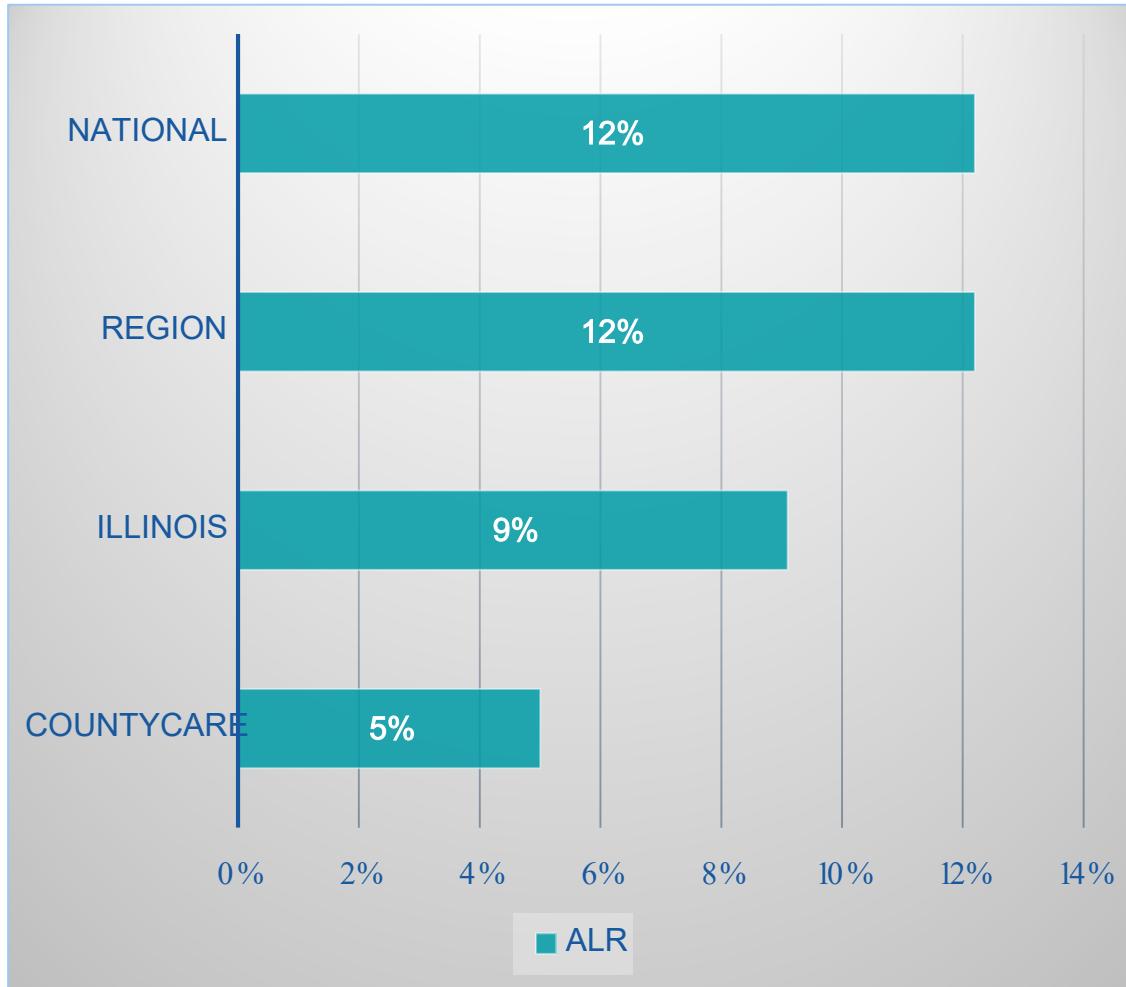
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Income Statement for the One Month ending Dec-2018 (in thousands)

| | Year to Date | | |
|--|----------------|----------------|-----------------|
| | Actual | Budget | Variance |
| Member Months | 330 | 324 | 6 |
| Total Revenue | 188,348 | 142,422 | 45,926 |
| Expense | | | |
| Total Admin Expenses | 6,426 | 6,343 | (83) |
| CCH Clinical Expenses | | | |
| Claims | 12,635 | 18,434 | 5,799 |
| Pharmacy Claims | 1,266 | 2,793 | 1,528 |
| Care Management | 653 | - | (653) |
| Total CCHHS Clinical Expenses | 14,553 | 21,227 | 6,674 |
| External Clinical Expenses | | | |
| Claims | 93,406 | 73,984 | (19,423) |
| Hospital Supplemental Access Pmt | 35,680 | - | (35,680) |
| Pharmacy Claims | 25,964 | 25,014 | (950) |
| Care Management | 5,105 | 6,404 | 1,299 |
| Dental Claims | 2,589 | 3,309 | 720 |
| Transportation Claims | 1,346 | 1,502 | 156 |
| Optical Claims | 74 | 381 | 306 |
| Member Incentives | 301 | 285 | (16) |
| Total External Clinical Expenses | 164,467 | 110,878 | (53,589) |
| Total Clinical Expenses | 179,020 | 132,105 | (46,915) |
| Total Expenses | 185,446 | 138,448 | (46,998) |
| Net Income Before Rate Adjustment | 2,902 | 3,974 | (1,072) |
| Medical Loss Ratio (MLR) | 95% | 93% | 2% |
| Net Income Before Prior Period Adj/IGT | 2,902 | 3,974 | (1,072) |
| IGT | 1,845 | 3,004 | (1,159) |
| Amortization | 773 | 773 | - |
| Net Income After IGT And Amortization | 284 | 196 | 88 |



CountyCare Operation Stats for the One Month ending December 2018



Comments

- CountyCare Medical Loss Ratio is better than National and Regional, sustained 9.5% YTD
- With 330,076 members in December 2018, CountyCare is the ~~st~~ largest Medicaid Managed Care plan in Cook County.

Milliman Research Report-Medicaid Risk-Based Managed Care: Analysis of Financial results for 2016 . Region consists of Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin
MLR – Medical Loss Ratio , %age of premium spent on health care quality . ALR Administrative loss Ratio - %age spent on overhead expenses, such as marketing, profits, salaries, administrative costs etc.

Correctional Health Services Observations and Operational Statistics



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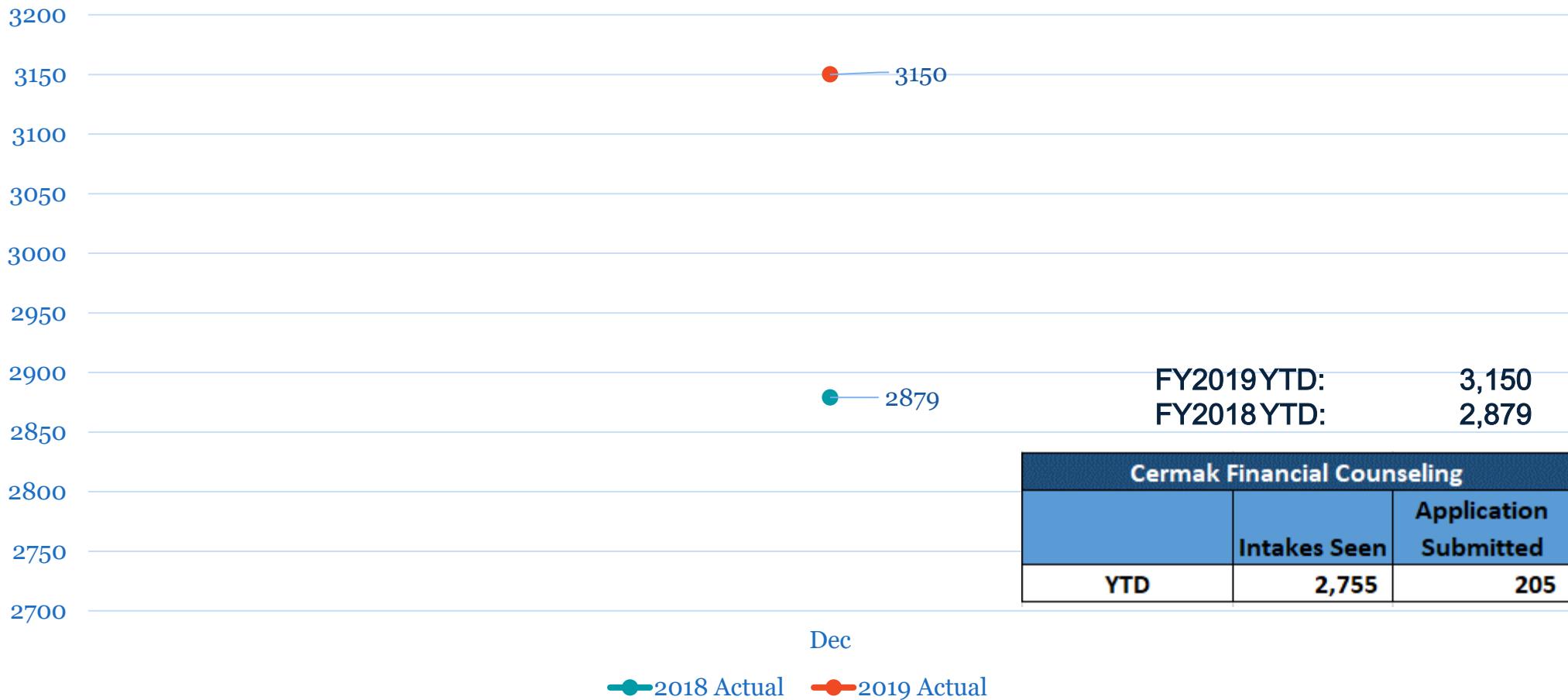
Income Statement for the Month ending Dec-2018 (in thousands)

| Correctional Health Services | Year-To-Date | | Variance | |
|-------------------------------------|---------------------|----------------|-----------------|-------------|
| | Actual | Budget | \$ | % |
| Total Operating Rev | 0 | 6,059 | (6,059) | -100% |
| <u>Operating Expenses</u> | | | | |
| Salaries & Benefits | 4,055 | 5,661 | 1,606 | 28% |
| Overtime | 406 | 403 | (4) | -1% |
| Contracted Labor | 0 | 31 | 30 | 99% |
| Pension* | 1,452 | 1,452 | - | 0% |
| Supplies & Materials | 38 | 61 | 23 | 37% |
| Pharmaceutical Supplies | 143 | 833 | 690 | 83% |
| Purch. Svcs., Rental, Oth. | 13 | 957 | 944 | 99% |
| Depreciation | 9 | 9 | - | 0% |
| Total Operating Exp | 6,117 | 9,408 | 3,290 | 35% |
| Operating Margin | (6,117) | (3,349) | (2,768) | -83% |
| Operating Margin % | na | na | na | na |
| Non Operating Revenue | 5,331 | 5,331 | - | 0 |
| Net Income/(Loss) | (787) | 1,982 | (2,768) | 140% |



Correctional Health Operation Overview for the One Month ending December 2018

Total Intakes



Comments:

- Fewer but more resource intense detainees, increases experience in Request Form patient with top 3 referrals in Oral Surgery, Ear Nose & Throat as well as Hand Clinic
- 84% of intakes are screened Financial Counselling to ensure continuity of coverage



Cook County Dept. of Public Health Operational Statistics



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Income Statement for the Month ending Dec-2018 (in thousands)

| COOK COUNTY PUBLIC HEALTH | Year-To-Date | | Variance | |
|----------------------------------|--------------|--------|----------|-------|
| | Actual | Budget | \$ | % |
| Total Operating Rev | 19 | 1,083 | (1,064) | -98% |
| <u>Operating Expenses</u> | | | | |
| Salaries & Benefits | 556 | 863 | 307 | 36% |
| Overtime | 1 | 1 | (0) | -34% |
| Contracted Labor | - | 11 | 11 | 100% |
| Pension* | 190 | 190 | - | 0% |
| Supplies & Materials | 0 | 10 | 10 | 99% |
| Purch. Svs., Rental, Oth. | 32 | 204 | 172 | 84% |
| Depreciation | 0 | 0 | - | 0% |
| Utilities | - | 8 | 8 | 100% |
| Total Operating Exp | 779 | 1,287 | 508 | 39% |
| Operating Margin | (760) | (204) | (556) | -273% |
| Operating Margin % | na | na | na | na |
| Non Operating Revenue | 133 | 133 | - | 0% |
| Net Income/(Loss) | (626) | (70) | (556) | -789% |



CCDPH Operation Overview for the One Months ending December 2018

| | Program Title | Metric | YTD Thru Dec 18 | FY19 Target |
|---------------------------|---------------------------|--|-----------------|-------------|
| Public Health | Administration | Percent of high-risk infant APORS (Adverse Pregnancy Outcome Reporting System) referrals received that are contacted for follow up by the Public Health Nurse within 14 calendar days of referral | 96% | 85% |
| | | Cost per county residents served | \$5.71 | \$5.71 |
| | Environmental Health | Cost per Inspection Efficiency | \$208.56 | \$208.56 |
| | | Time from receipt of Chlamydia or gonorrhea report to field (days) | 5 | 5 |
| Communicable Diseases | Communicable Diseases | Percent of food establishments with isolated illness complaints within a contracted community or unincorporated Suburban Cook County that are inspected within 2 business days of receipt of complaint | 100% | 100% |
| | | | | |
| | | | | |
| Lead Poisoning Prevention | Lead Poisoning Prevention | Program Title | YTD Thru Dec 18 | FY19 Target |
| | | Percentage of cases with elevated blood levels visited within the timeline provided in protocols | 82% | 90% |
| | | Percentage of cases with elevated blood lead levels who receive a nursing visit and environmental risk assessment visit | 89% | 95% |
| TB Program | TB Program | Program Title | YTD Thru Nov 18 | FY19 Target |
| | | Number of completed Direct Observation Treatments (DOT) | 92% | 91% |



CCH Administration Financial Statements



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Income Statement for the Month ending Dec-2018 (in thousands)

| <u>Administration</u> | Year-To-Date | | Variance | |
|------------------------------|----------------|----------------|------------|--------------|
| | <i>Actual</i> | <i>Budget</i> | % | \$ |
| Operating Expenses | | | | |
| Salaries & Benefits | 3,519 | 3,134 | -12% | (385) |
| Overtime | 37 | 14 | -164% | (23) |
| Contracted Labor | 245 | 894 | 73% | 649 |
| Pension* | 1,323 | 1,323 | 0% | - |
| Supplies & Materials | 7 | 52 | 86% | 45 |
| Purch. Svs., Rental, Oth. | 35 | 1,201 | 97% | 1,166 |
| Depreciation | 318 | 318 | 0% | - |
| Total Operating Exp | 5,485 | 6,937 | 21% | 1,452 |
| Operating Margin | (5,485) | (6,937) | 21% | 1,452 |
| Non Operating Revenue | 931 | 931 | 0% | 0% |
| Net Income/(Loss) | (4,554) | (6,006) | 24% | 1,452 |

Appendix

Systemwide Volumes / Stats



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System Payor Mix By Visit

All Medicare = 17%

13%

2%

4%

Uninsured
44%

29%

5% 4%

All Medicaid = 34%

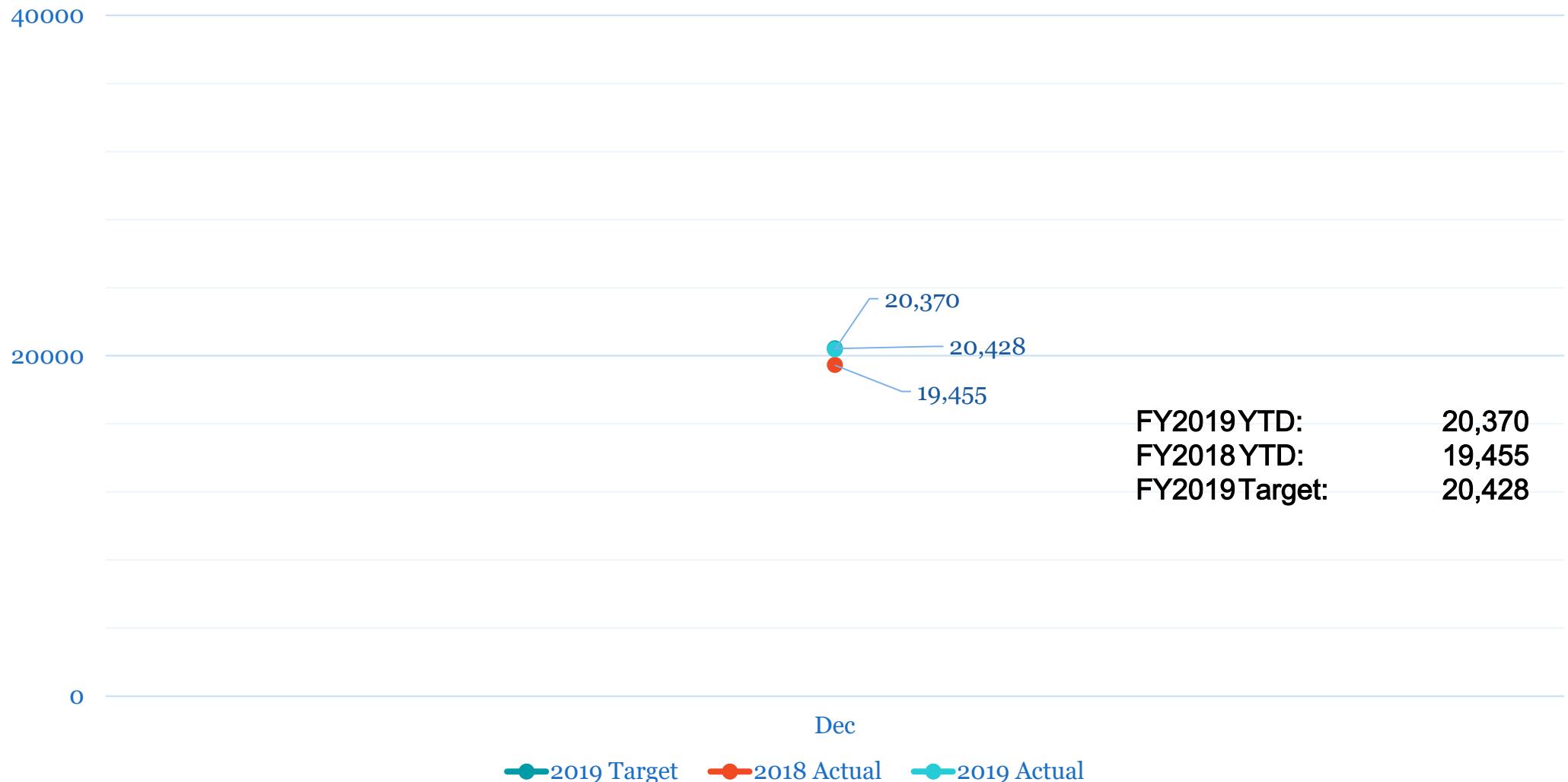
- Uninsured
- Commercially Insured
- Medicaid
- Medicaid Managed Care
- Medicare
- Medicare Managed Care
- Other



Primary Care Provider Visits



SpecialtyCare Provider Visits



Total Inpatient Discharges



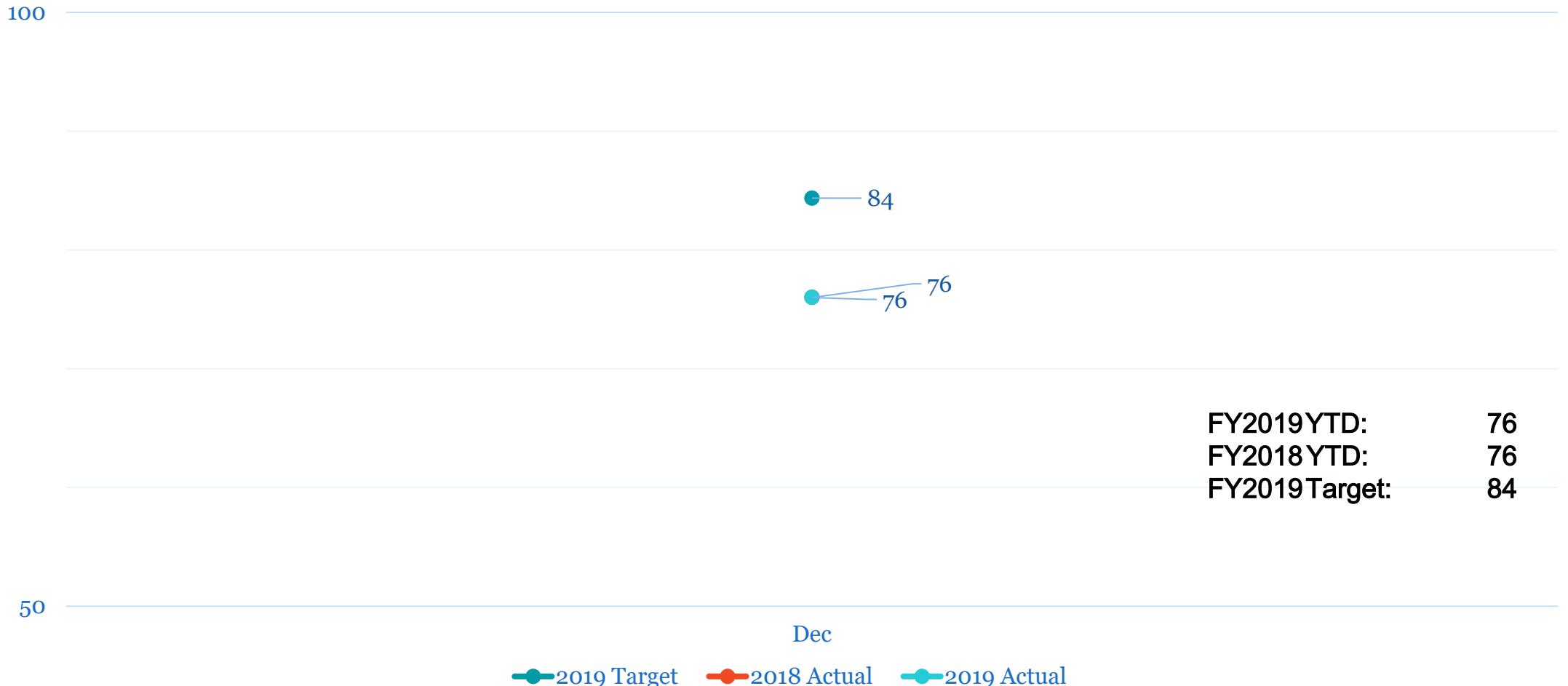
Average Length of Stay



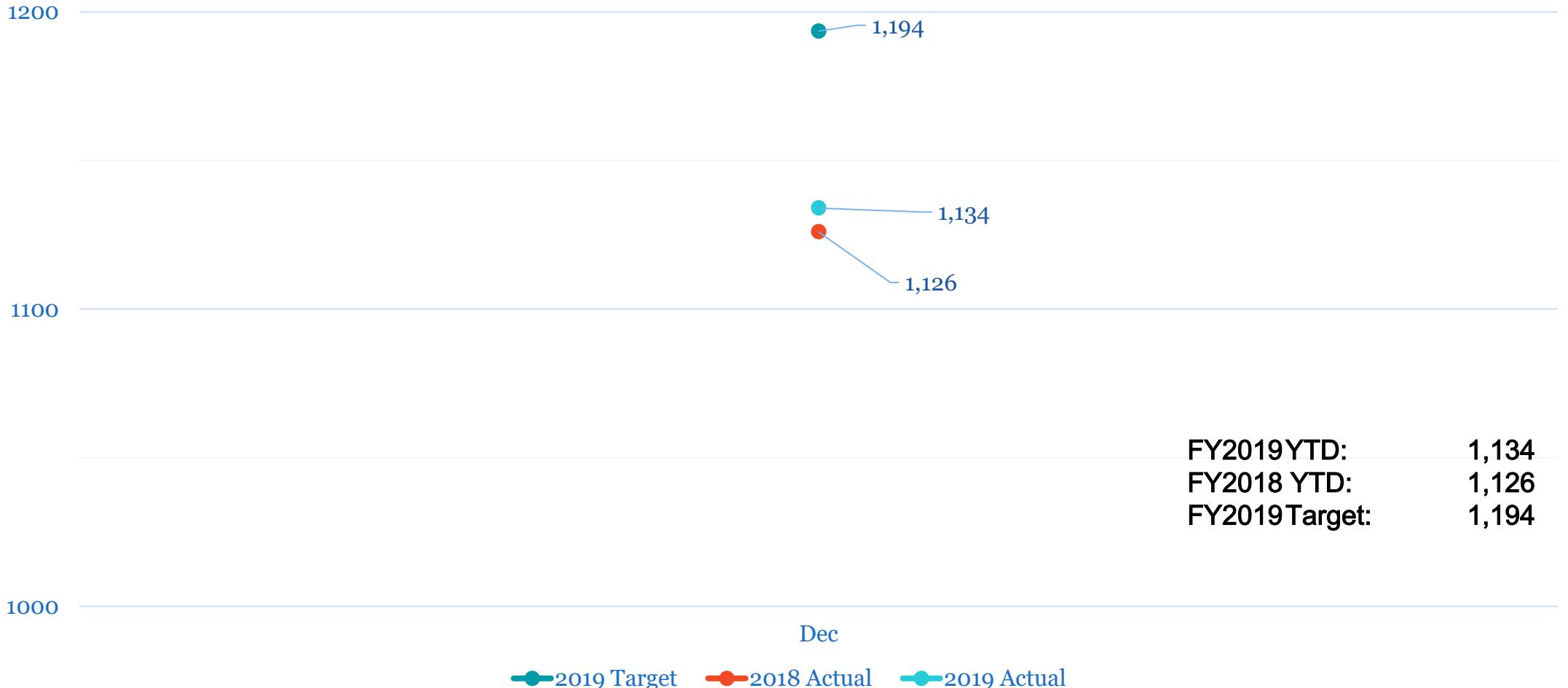
Total Emergency Room Visits



Total Deliveries



Total Surgical Cases



Case Mix Index

1.68

1.53

Dec

● FY18 ● FY19



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Questions?



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